

THE LEGISLATIVE COUNCIL OF THE GOVERNOR OF MADRAS.

Tuesday, the 25th February 1930.

The House met at 11 o'clock, Mr. President (the hon. Rao Bahadur C. V. S. NARASIMHA RAJU Garu) in the Chair.

PRESENT:

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| Usman Sahib Bahadur, Kt., The hon. Khan Bahadur Sir Mahomed. | Moidoo Sahib Bahadur, Khan Sahib T. M. |
| Moir, K.C.I.E., C.S.I., I.C.S., The hon. Sir Thomas. | Muniswami Nayudu, Diwan Bahadur B. |
| Campbell, C.S.I., C.B.E., V.D., I.C.S., The hon. Mr. A. Y. G. | Muniswami Pillai, Rao Sahib V. I. |
| Subbarayan, The hon. Dr. P. | Muppil Nayar of Kavalappara alias Kumaran Raman. |
| Muthiah Mudaliyar, The hon. Mr. S. | Nagan Gowda, Mr. R. |
| Setaratnam Ayyar, The hon. Mr. M. R. | Nanjappa Bahadur, Subadar-Major S. A. |
| Abdul Hye Sahib Bahadur, Khan Sahib K. | Narasimha Rao, Mr. Mothay. |
| Abdul Razaak Sahib Bahadur, Khan Bahadur S. K. | Natesa Mudaliyar, Rao Bahadur C. |
| Appavu Chettiyar, Mr. C. D. | Parthasarathi Ayyangar, Mr. C. R. |
| Ari Gowder, Mr. H. B. | Premayya, Mr. G. R. |
| Arogyaswami Mudaliyar, Diwan Bahadur E. N. | Raja of Kallikota. |
| Arpudaswami Udayar, Mr. S. | Raja of Parlakimedi. |
| Balasubrahmanya Mudaliyar, Mr. M. | Rajan, Mr. P. T. |
| Bheemayya, Mr. J. | Ramaachandra Padayachi, Mr. K. |
| Bhooshayya, Mr. P. | Ramaachandra Reddi, Mr. B. |
| Chidambaranatha Mudaliyar, Mr. T. K. | Ramalinga Chettiyar, Rao Bahadur Mr. T. A. |
| Cotterell, C.I.E., I.C.S., Mr. C. B. | Ramamurti, I.C.S., Mr. S. V. |
| Dorai Raja, Mr. S. N. | Raman Menon, Mr. K. P. |
| Ellappa Chettiyar, Rao Bahadur S. | Ramanath Goenka, Mr. |
| Ethirajulu Nayudu, Diwan Bahadur P. C. | Ramaswami Ayyar, Mr. T. S. |
| Gangadhara Siya, Mr. M. V. | Ramaswami Ayyar, Mr. U. |
| Gnanavaram Pillai, Rao Sahib P. J. | Ramjee Rao, Mr. V. |
| Gopala Menon, Mr. C. | Ranganatha Mudaliyar, Mr. A. |
| Gray, C.B.E., I.C.S., Mr. J. | Robertson, Mr. R. J. C. |
| Guruswami, Rao Sahib L. C. | Saldanha, Mr. J. A. |
| Hearson, Mr. H. F. P. | Sami Venkatachalam Chetti, Mr. |
| Hilton Brown, I.C.S., Mr. | Shetty, Mr. A. B. |
| Kesava Pillai, C.I.E., Diwan Bahadur P. | Sitarama Reddi, Rao Bahadur Mr. K. |
| Khadir Mohidin Sahib Bahadur, Muhammad. | Siva Raj, Mr. N. |
| Krishnan, Mr. K. | Siva Rao, Mr. P. |
| Krishnaswami Nayakar, Mr. K. V. | Soundarapandian, Mr. W. P. A. |
| Kumaraswami Reddiyar, Diwan Bahadur S. | Srinivasa Ayyangar, Mr. T. C. |
| Kuppuswami, Mr. J. | Srinivasa Rao, Mr. Nagar. |
| Lakshmana Reddi, Mr. G. | Srinivasan, Rao Sahib R. |
| Leach, I.C.S., Mr. A. G. | Tajudin Sahib Bahadur, Khan Sahib Syed. |
| Leech, Mr. A. J. | Thomas, Mr. Daniel. |
| Mahmud Schamnad Sahib Bahadur, Khan Bahadur. | Uppi Sahib Bahadur, K. |
| Mallayya, Dr. B. S. | Vanavudaiya Goundar, Mr. S. V. |
| Manikkavelu Nayakar, Mr. M. A. | Venkatarama Ayyar, Mr. K. R. |
| | Venkataramayya Nayudu, Rao Sahib Badeti. |
| | Venkiar, Mr. S. |
| | Watson, I.C.S., Mr. H. A. |
| | Wood, Mr. C. E. |
| | Zamindar of Singampatti. |

[25th February 1930]

I

BUDGET FOR 1930-31.

The hon. Sir THOMAS MÓIR :—" Mr. President, I present the Budget for the year 1930-31 to the Council and I would ask, with your kind permission and with the forbearance of the House, that my hon. Friend Mr. Watson, the Financial Secretary, may be permitted to read the speech introducing the Budget. I must apologise both to you, Sir, and to the House for adopting this course as I am afraid that my physical strength may perhaps be inadequate to the task.

(Mr. H. A. Watson, the Finance Secretary, then read the speech.)

" Sir, it is now my duty to place before the Legislative Council the Budget Estimates for the financial year 1930-1931 ; and, as is usual and indeed necessary, I propose, in the first place, to review the final figures of last year 1928-1929 and the financial prospects of the current year 1929-1930 so far as known or can be anticipated, as the figures for these years necessarily influence and determine the financial position on which the coming year's anticipations must be based. And let me remark in passing that the fact that we have to take into consideration the figures of three years does not either add to the lucidity with which a Finance Member can explain the financial position and proposals or tend to diminish the dreariness of a speech in which figures must unavoidably play so large a part. It is a direct consequence of our present financial arrangements ; but I cannot suppose that these arrangements will always retain a form which is becoming less and less adapted to modern conditions and, although there are serious difficulties in the way, it is quite possible that the next step in our financial development will be towards a system under which we budgeted much more definitely for the year's requirements, under which a speculative element derived from previous years did not enter nearly so much into our calculations. For example, suppose that our financial year coincided with the calendar year and that the surplus of one year went automatically to the reduction of debt—we have quite a respectable debt—we should have eliminated two of the most embarrassing factors in our calculations. The time has, however, not yet come for premature experiments and we must remember that there is no parallel between the conditions in India where the gamble in rain may still provide unpleasant surprises, especially in the sphere of provincial finance, and those in Western States where conditions are more highly industrialised or climatically more stable. That the fat years shall make good the deficiencies of the lean is the immemorial custom of the East and the ryot would perhaps not readily surrender his assurance

25th February 1930]

[Sir Thomas Moir]

that he will not pay more for a fixed period of years for the suggestion that he might in an occasional year pay less. But the House will perhaps pardon me if I venture in my last Budget speech to voice reflections which I have no doubt have occurred to the minds of many Members of this House.

REVENUE ACCOUNT.

Accounts of the year 1928-1929.

"2. With these general reflections to which I do not wish any undue importance to be attached I would very briefly deal with the Revenue Account for the year 1928-1929. The year opened with a balance of Rs. 400·59 lakhs. Revenue amounted to Rs. 1,808·13 lakhs and the expenditure charged to Revenue was Rs. 1,668·99 lakhs, compared with a revised estimate of Rs. 1,718·22 lakhs, that is to say, expenditure showed a saving of nearly Rs. 50 lakhs even on the revised estimate. I do not propose to weary the House by a recapitulation of the departments whose revised estimates were so seriously at fault but as usual Civil Works and Public Health were the principal culprits. We have not yet, I am afraid, succeeded in impressing their responsibility upon a number of departments. Against some indeed I have no complaint, but the total expenditure was nearly Rs. 95 lakhs less than the original budget estimate in spite of the fact that considerable sums not included in the original estimate of expenditure, e.g., Rs. 27 lakhs for the Annamalai University, are included in the revised estimate and that even the revised estimates were so far out reflects little credit on those responsible. If our efforts to enforce departmental responsibility continue to fail, we shall be compelled to employ more drastic, and it may be, more crude methods of ensuring a greater approximation to accuracy.

Revised Estimate for 1929-1930.

"3. We may turn now to the revenue figures for the current year. The opening balance was Rs. 539·73 lakhs. Revenue was expected to amount to Rs. 1,807·09 lakhs and Expenditure charged to revenue to Rs. 1,822 lakhs. The revised estimates are, Revenue Rs. 1,875·88 lakhs and Expenditure Rs. 1,753·76 lakhs. These figures anticipate an increase in Revenue of Rs. 68·79 lakhs. To the increase in Revenue the chief contributories are Land Revenue and Excise. The increased Land Revenue is mainly due to continued good season and to various miscellaneous items. The increase of Rs. 42·59 lakhs under Excise is due to larger consumption of country spirit and toddy and also to increased

[Sir Thomas Moir]

[25th February 1930]

rentals. Here too we have an indication of the seasonal conditions and it is also due to the fact that shop sales took place before the propaganda sanctioned in this year's budget could be organized. A welcome increase of Rs. 6 lakhs under Forest is due principally to a larger extraction of sandalwood and to a brisker demand for timber and other forest product. Our Interest receipts also have increased by about Rs. 7½ lakhs as a result of our being able to deposit with the Government of India larger balances than were anticipated. At the same time the rate of interest increased from 4 to 4½ per cent in the current year. The revenue from Stamps is expected to be Rs. 5¼ lakhs less than our original estimate. Trade continues dull and litigation has either decreased or is for smaller values. A short expenditure of Rs. 68·24 lakhs is anticipated, chiefly under Civil Works Rs. 49·05 lakhs and Public Health Rs. 11·95 lakhs. Under Civil Works, expenditure will fall short by about Rs. 35 lakhs under buildings on the usual pleas of delay in the preparation of plans and estimates or in the acquisition of sites. For a lapse of about Rs. 7 lakhs under grants to local bodies for roads and bridges the Public Works Department are not responsible. The lapse under Public Health is mainly in connexion with the carrying out of the water supply and drainage schemes. These lapses of course are not savings. They merely represent deferred expenditure as do such items as the postponement of the General Election. The provision for them will have to be made in next year's budget instead of this. The anticipation for the current year may be summarised as follows:—Opening balance Rs. 539·73 lakhs, Revenue Rs. 1,875·88 lakhs, Expenditure charged to Revenue Rs. 1,753·76 lakhs, leaving a surplus of Rs. 122·12 lakhs: but we have repaid loans amounting to Rs. 212·11 lakhs and shall have utilized Rs. 5·92 lakhs for capital expenditure or in other words for the avoidance of debt. This will leave a closing balance of Rs. 443·82 lakhs, which is the anticipated opening balance for 1930-1931.

Budget Estimate for 1930-1931.

REVENUE.

“4. We are now in a position to consider the estimates for the year 1930-1931. The revised estimate of Revenue for the current year is, as I have stated, Rs. 1,875·88 lakhs and the estimate for 1930-1931 is Rs. 1,847·25 lakhs. It is unnecessary here to examine in detail the fluctuations in those items of our revenue which represent departmental receipts. One general remark will suffice. They are subject to a process of general and gradual attrition by the grant of various concessions which, although in

25th February 1930]

[Sir Thomas Moir]

themselves insignificant, result eventually in the disappearance of a good many lakhs of revenue. This applies to the receipts under Registration. Even though it were accepted that this department ought not to make a profit, it should at any rate pay its way and the indications are that it will soon cease to do so. It is with our main items of revenue, Land Revenue, Excise and Stamps that our principal concern lies. Under Stamps approximately Rs. 253 lakhs, I anticipate a small increase of Rs. 2 lakhs. Trade appears to be afflicted with a chronic dullness and I see no reason to anticipate an outburst of activity in litigation. But to our estimates under Land Revenue and Excise I must direct the attention of the House by more than a passing reference.

LAND REVENUE.

“5. Under Land Revenue we anticipate a decrease of Rs. 2·56 lakhs. This is not due to our having made undue allowance for the fact that on the law of averages an unfavourable season must almost be expected. Our estimates are entirely normal in that respect. But we have for the time being to reckon with a complete check to any increase in our revenues which is derived from the resettlement on the basis of a rise in prices. Last year, in pursuance of a resolution to which it had agreed, the Legislative Council elected a committee to enquire into the economic conditions in the districts of Kistna and East and West Gōdāvari in which the resettlement was due and as the report of the Committee has only recently been received it has been quite impossible for the Government during the budget season to devote to it that attention which it requires. I do not propose, therefore, to say a word on the argument which it sets forth. I am concerned here only with the financial effects, so far as the present budget is concerned. In the first place, resettlement was due to take place in the current *fasli*, but owing to delays in the submission of the Committee's report it has been impossible for Government to study it or to come to their conclusions in time to give effect to them in the current *fasli* or to incorporate the results of those conclusions in the budget. We have, therefore, to accept the fact that whatever revenue might have accrued during the present *fasli* has been irrevocably lost. That was estimated to amount to about Rs. 17 lakhs. Nor has it been possible for me to anticipate what the conclusions of Government may be on a report which they have not yet been in a position to analyse or to criticise. But I will say this. The report, I understand, explicitly supports the view that in these districts the circumstances of the ryot are such that they do not admit of any increase in the land revenue. If

11-15
a.m.

[Sir Thomas Moir]

[25th February 1930]

the reasons adduced in support of this view are accepted as conclusive they are equally conclusive in the case of the rest of the province because these districts are differentiated from the rest of the Presidency only by the possession of great stretches of rich and fertile alluvial soil, of large irrigation systems fed by two of our most important and unfailing rivers and by a general level of prosperity which must be obvious to any one acquainted with them. If, therefore, the postulate that our system of resettlement is inapplicable to these districts holds good, it must, in my opinion, hold good of all other districts in the Presidency, and granted that, we can no longer look in future to that periodic increase in land revenue which in a period of rising prices has been the prop and mainstay of our finances. The authors of the report do not, I gather, suggest that the rest of the Presidency should make good the loss arising from the exemption which is proposed for these districts. That is to say, our land revenue is in future to remain stagnant. This, I need hardly say, is a prospect which deserves the most serious consideration not only of the Finance Member but of this Council itself.

EXCISE.

"6. The other important point to which I have to draw your attention is the position in respect of our Excise revenue. The ascertained figures for 1928-1929 are Rs. 558.76 lakhs. The revised estimate for the current year, 1929-1930, is Rs. 596.39 lakhs. The budget estimate for 1930-1931 is Rs. 565 lakhs. It will be seen that the revenue anticipated in the current year is far beyond our expectations. That I can only attribute to the fact that as evidenced in other directions the past series of years has been more prosperous on the whole than we have quite realized, that distress or scarcity where it has occurred has been purely local and that the effects of floods and cyclones have, except in a few isolated cases, been purely temporary and insignificant. The ryot as a whole has had more money to save, or to spend on his superfluities or luxuries, and has spent part of his surplus on alcoholic drinks. And here let me say that in estimating Excise revenue we have gone on the assumption that seasonal conditions in the coming year will be normal and the estimates laid before you do not at all reflect a policy of insurance. But the House will remember that in the last budget it granted a sum of four lakhs for anti-drink propaganda. An organization of that kind necessarily takes time and thought to bring into being. My Hon'ble Colleague, the Excise Minister, has been working hard to develop it. It is now functioning. Rs. 5 lakhs has been provided in next year's budget for its further development and

25th February 1930]

[Sir Thomas Moir]

work and the assumption is, and must be, that a propaganda with which many of the most influential public leaders of all parties, castes and creeds are associated will have a noticeable effect when it comes into that full bearing for which my Hon'ble Colleague has been maturing his plans. Nor has my Hon'ble Colleague been unmindful to effect by direct means that reduction in consumption which has been pressed upon his notice from all sides of the House. Naturally, therefore, I desired to know what effects on our financial position these activities would have. Both the Commissioner of Excise and my Hon'ble Colleague have been consulted and the estimates for 1930-1931 embody the results of their careful examination of the question. They anticipate a reduction on this year's figures of Rs. 27 lakhs. Further this is only the first effect of a process and policy by which in course of time our revenue from Excise will gradually disappear. At the same time as our revenues from this source decrease our expenditure on Excise establishment must inevitably increase. For the object of this policy is not merely to dissociate Government from what is called 'tainted revenue'—that could be easily achieved—but its object is to suppress the customs and tastes from which the revenue is derived. Again, however, I am not here concerned with the ethical or social considerations involved or with possibilities or impossibilities. I am merely concerned with the fact that although opinion as to ways and methods may differ the policy is one which commands the support of large sections of the House irrespective of party. But it is inconceivable that any individual member or party in this House contemplates a financial future for this Presidency in which, of its two main sources of revenue, one shall be reduced to stagnation and the other gradually undermined and destroyed without any efforts being made to replace the revenue thus lost; that is to say, this House will have to face, and that before long, the question of substituted revenue.

SUBSTITUTED TAXATION, A PROBLEM FOR THE FUTURE.

"7. A Finance Member at the present juncture must also take into account the fact that within a comparatively short period of time we shall be entering upon a fresh constitutional régime. I am unable to anticipate what the ultimate result of the political furmoil in which we are at present engaged will be. But if I were to attempt to prophesy there are two points which I would anticipate with some confidence. Firstly, no constitutional changes, great or small, are likely to bring us increased revenues. Secondly, these constitutional changes will be accompanied by increased expenditure on the constitutional machinery.

[Sir Thomas Moir]

[25th February 1930]

"That then is the financial situation with which we are faced: our two main sources of revenue are subject to serious attack and there is an imminent prospect of unavoidable addition to our expenditure. It may be urged that the Finance Member ought to be now tackling the problem of substituted revenue in order to provide for the future. I would point out, however, that the responsibility is that of the Legislative Council. I have always been one of those who held that the Reforms of 1920 gave an amount of power and influence to the Legislative Council of which perhaps the most striking evidence is that offered by the financial position I have attempted to explain. But, may I add that this manifestation of the influence which the Legislative Council possesses merely emphasizes the equal responsibility which has been placed upon them by the Reforms? The main burden of making good the gap thus made in our revenues must be shouldered by the Legislative Council for one simple reason. If old established sources of revenue, which are no innovations of British administrators but date back in their main features to centuries of Muhammadan and Hindu rule, can thus be placed in jeopardy, is it conceivable that new forms of taxation which did not commend themselves to the Legislative Council would be able to survive the opposition which they would excite? Further, this Council is approaching the end of its term, and as the necessity is not yet upon us it would serve little purpose for it not only to leave a legacy of responsibility but to dictate to its successor how it is to be met. Lastly, even if my Hon'ble Colleagues or myself had the absolute power of determining how lost revenue is eventually to be made good the matter would demand most careful enquiry and examination for which the material is not yet available. No suggestion that has hitherto been thrown out seems to me likely (1) not to offend against the accepted canons of taxation, and (2) to be acceptable to this House. There is, however, one point that seems to me clear. In a province of which the wealth is predominantly agricultural new or substituted taxation will have to fall mainly upon agriculture.

"To deal with these problems will be our legacy to our successors, a truly *damnosa hereditas*. But we have no right to add to their burdens or to ignore those responsibilities which in a special sense are our own. That of warning them that the problem is assuming a practical shape has, I hope, been sufficiently discharged; but it is also incumbent upon us not unnecessarily to precipitate the crisis or force them into hasty, ill-conceived measures. The financial straits to which we were reduced when the last Reforms came into effect were the result of causes over which we had no control.

25th February 1930] [Sir Thomas Moir]

The economic revolution which resulted from the great war was not in our power to control or direct, but I have no doubt that many members of this Council remember the straits to which we were reduced and the temporary expedients, most of them long since abandoned as undesirable, which we were forced to adopt in order to give some reality to the intentions underlying those Reforms. I am sure that no one desires that provincial autonomy or whatever solution may be found for our present discontents should in its turn have to function in a financial vacuum and take an exchequer with declining assets and strained beyond its capacity by the burden of its commitments. While therefore we have not refused a reasonable measure of continuity and of development we have been careful not to embarrass the future by commitments to liquidate which would place an impossible burden upon it. We have therefore found it impossible to lose further revenue by a reduction of stamp duties or court fees: a loss of Rs. 70 lakhs obviously cannot be contemplated at the present time. It has also been impossible for us to give effect to the demand for the creation of a Rural Development Fund. This is not merely because of the somewhat vague and nebulous form in which that proposal has been put forward. No doubt it would be possible to evolve a practical scheme, but sheer financial impossibility puts any further consideration of the suggestion out of the question.

EXPENDITURE—PART I.

"8. Let us then consider the financial data with reference to which we must calculate our position. Our estimated Revenue for the year 1930-1931 is Rs. 1,847.25 lakhs, apart from an opening balance which is estimated at Rs. 443.82 lakhs. Our Expenditure under Part I of the estimates, that is to say, if we simply carried on our administration on the basis of existing commitments, is estimated at Rs. 1,731.14 lakhs. To this have to be added a sum of Rs. 36 lakhs provided in the budget for extending to the Andhra University the same measure of financial assistance as has been accorded to the Annamalai University and a sum of Rs. 3 lakhs for increasing the grants to local bodies for the maintenance of trunk roads so as to relieve them of all existing expenditure on trunk roads. The total Part I Expenditure is thus Rs. 1,770.14 lakhs. This sum does not include provision for grants and subsidies in many departments which, as a matter of practice, we make year by year though we are not committed to these by any definite undertaking. They amount to Rs. 24 lakhs under Civil Works for roads and bridges, to over Rs. 8 lakhs under Education, to over Rs. 7 lakhs under Medical and Public Health, to over Rs. 4 lakhs under Labour and to over a lakh under Industries. It also

11-30
a.m.

[Sir Thomas Moir]

[25th February 1930]

excludes the working expenses under remunerative utilization schemes in the Forest Department on which a large revenue depends. If all these were included our requirements would be increased by about Rs. 50 lakhs. We are thus left with a margin of about Rs. 27 lakhs at most for future recurring expenditure and this amount is largely mortgaged in advance to meet the ever increasing demands under incremental scales and pension charges. Even assuming therefore that no further encroachments would be made on our revenues we are faced with the same problem as confronted us last year. Too much of our resources is locked up in the shape of non-recurring balances. We propose therefore in order more fully to justify us in undertaking any further recurring expenditure at all to repay Rs. 67½ lakhs outstanding of the loan taken in 1925-1926 at 5½ per cent. The effect of that is to reduce our charges under interest and repayment of debt by Rs. 8·36 lakhs, and to release a corresponding amount for recurring expenditure. We also propose effecting a similar conversion by meeting from revenue the sum which is required in excess of recoveries to finance our transactions under the Provincial Loan Account and capital expenditure on other than the Cauvery-Mettur project; in a word, the only borrowing which we propose to undertake is the amount required for the Cauvery-Mettur project.

EXPENDITURE—PART II.

“9. Having thus safeguarded ourselves as far as possible, the total expenditure under Part II schemes for which we have made provision next year amounts to Rs. 100·12 lakhs of which, as stated above, about Rs. 50 lakhs represents customary expenditure. A schedule of these schemes and of the departments concerned is given in the Finance Secretary's Memorandum. But perhaps I might refer briefly to those which represent new developments of importance. Under Excise still further additions are made to establishments to ensure that a policy of restriction is made effective. The posts of two Deputy Commissioners which were abolished in 1924 are now restored as essential to the efficiency and supervision of the department. Under Registration nine new sub-registry offices are to be opened, and a system of photo-copying of documents is to be introduced in the Madras-Chingleput district. It is hoped that this system will lead to some reduction in recurring expenditure. Under Jails the main additional expenditure is on the Borstal and Certified schools and on the electrification of the two Central Jails at Rajahmundry and at Trichinopoly. Under Police the most important are the re-
armament of the police owing to the supply of old weapons and

25th February 1930]

[Sir Thomas Moir]

ammunition being no longer available, the reorganization of the Intelligence and Detective staffs in the mufassal, the formation of an armed reserve for the new West Godavari district and the provision of motor lorries in the mufassal for the conveyance of under-trial prisoners.

“Under Education, which is as usual the main beneficiary from our increased expenditure, expansion of adult education and physical instruction and the revision of the system of grants to local bodies and private managements for secondary education are noteworthy. But perhaps the most noteworthy and important is the first instalment of a grant to the Madras Christian College to enable it to find new quarters at Tambaram where I trust that it will continue to render even greater service to education than in the old buildings in which so many generations of students have been equipped for the battle of life. Under Medical a scheme of some importance is the opening of ante-natal and pediatrics department in the women and children's hospitals in Madras and the opening of X-ray departments in various mufassal hospitals. Among other improvements or additions perhaps specially welcome are those which are connected with the extension and improvement of the nursing service. Under Agriculture a steady advance on lines already laid down is provided for, the most important of the schemes for the year being perhaps the opening of a millets breeding station at Adoni. Under Industries, experiments on oils and fats at the Kerala Soap Institute and improvement of the Trades School at Mangalore and the Industrial Schools at Calicut and Bellary take up most of the money that can be spared.

“Other Part II schemes are mainly concerned with ordinary departmental expansion, and our large Civil Works programme mainly represents the brick and mortar side of these expansions. But among important works to be commenced perhaps I might make mention of a building for the Queen Mary's Secondary and Training School for Girls, Vizagapatam, a building for the Municipal High School at Anantapur, new offices for the Collector of Chingleput to replace a building which after repeated condemnation as unsafe has at last been put on the proscribed list, the acquisition of land for a new hospital at Cocanada and the construction of the Irrity bridge on the Tellicherry-Coorg road. It is perhaps as well that no addition is being made to the number of large buildings under construction because progress with them has been disappointing. Past experience has led us to correct the incurable and unjustifiable optimism of the Public Works

[Sir Thomas Moir]

[25th February 1930]

Department as to what it can accomplish in a year by an arbitrary reduction of their estimates for the next year by Rs. 34 lakhs. We shall of course be delighted to find more money if progress shows that our estimates are too cautious.

"The total expenditure under Part II schemes is Rs. 18.25 lakhs recurring and Rs. 81.87 lakhs non-recurring. They involve a further liability of Rs. 17.50 lakhs recurring and Rs. 87.04 lakhs non-recurring. Our total expenditure will therefore be Rs. 1,861.90 lakhs against an anticipated revenue of Rs. 1,847.25 lakhs. We propose to draw the excess Rs. 14.65 lakhs from our accumulated balances.

CAPITAL AND DEBT HEADS.

"10. We may now turn to our transactions under Capital and Debt heads. The accounts of 1928-1929 showed an actual expenditure of Rs. 183.81 lakhs as compared with the revised estimate of Rs. 209.93 lakhs. As the House is aware, the Cauvery-Mettur project is being financed under a special arrangement. The Government of India find the money and we pay simple interest until 1936-1937 when we begin to repay the principal and interest, payment to be completed in a period of 70 years. The year 1928-1929 found us with an unspent balance of Rs. 21.65 lakhs. We borrowed Rs. 96 lakhs from the Government of India making a total of Rs. 117.65 lakhs available. The revised estimate of expenditure for the current year is Rs. 101.11 lakhs. There will thus be a balance on hand of Rs. 16.54 lakhs. The demand for 1930-1931 is to be at Rs. 116.54 lakhs and we propose to borrow Rs. 100 lakhs from the Government of India. The position of the Cauvery-Mettur project is briefly as follows. The total estimate is Rs. 723.11 lakhs. Actual expenditure up to the close of 1928-1929 was Rs. 251.48 lakhs. The revised estimate for 1929-1930 Rs. 101.11 lakhs and the demand for 1930-1931 Rs. 116.54 lakhs added to this sum make a total of Rs. 469.13 lakhs. The slow progress caused by the floods in October to December 1928 and the delays in the erection of the concrete placing towers will to some extent be made good in the coming year. That is to say, the anticipated expenditure will only fall short of the original estimate of Rs. 545.62 lakhs up to the 31st March 1931 by Rs. 76.49 lakhs.

"Under other capital expenditure, the total disbursements for the year 1928-1929 were Rs. 79.99 lakhs, and the funds available were Rs. 102.88 lakhs including the opening balance of Rs. 6 lakhs, an advance of Rs. 60 lakhs, and recoveries of loans and advances during 1928-1929 Rs. 36.88 lakhs. There was thus an

25th February 1930]

[Sir Thomas Moir]

opening balance for the current year of Rs. 22·89 lakhs. Disbursements are expected to amount to Rs. 78·17 lakhs and the additional requirements will be met from recoveries of Provincial loans and advances for the year estimated to amount to Rs. 49·36 lakhs and a sum of Rs. 5·92 lakhs from the revenue balances. For next year our requirements will be Rs. 110·51 lakhs, and the following statement shows the main heads under which these requirements fall:—

	LAKHS.	LAKHS.
I. CAPITAL HEADS—		
Hydro-Electric schemes	30·25	
Other Capital heads (Forests, Industries, Irrigation, etc.)	3·41	
Total Capital heads ..	33·66	
II. DEBT HEADS (<i>Loans and Advances</i>)—		
Loans to the Corporation of Madras ..	18·00	
Loan for the Cochin Harbour scheme ..	8·00	
Loans to local boards and municipalities.	22·55	
Advances to cultivators	17·94	
Other loans (loans to co-operative societies, depressed classes, loans under the State Aid to Industries Act, etc.)	10·36	
Total Debt heads ..	76·85	
Grand Total ..	110·51	

“To meet them we have a sum of Rs. 54·70 lakhs available under recoveries of loans and advances. We have been requested by the Government of India to restrict our borrowings to the utmost and we propose to meet all our other requirements from Provincial balances. By so doing we shall to some extent relieve the strain on the credit of the Central Government and at the same time it is to our interest to avoid borrowing when the rate of interest is high. This will reduce the balances by Rs. 55·81 lakhs, an amount which we can afford. The combined effect of our transactions under Revenue and Capital Heads will be to leave a closing balance of Rs. 305·71 lakhs; which ought to be sufficient insurance against any financial crisis being precipitated before the problems to which I have referred are solved.

Review of financial history for five years.

“11. As this is the last budget which I shall have the privilege of placing before the Legislative Council, perhaps a short review of our financial history in the past five years would not be amiss. In 1924-1925 our revenue amounted to Rupees 1,677·25 lakhs; for the current year the revised estimate stands at

[Sir Thomas Moir]

[25th February 1930]

11-45
a.m.

Rs. 1,861.93 lakhs. Expenditure in 1924-1925 amounted to Rs. 1,356.95 lakhs; the revised estimate for the current year is Rs. 1,743.35 lakhs, that is to say, our expenditure has increased by Rs. 386 lakhs or Rs. 38 lakhs in excess of the Provincial contribution of Rs. 343 lakhs. That excess has been met from the steady natural growth in our revenues. During these years we have been fortunate beyond measure in the absence of any calamity such as often in the past have compelled us to cry a halt to progress, make good our losses and re-establish our position. As regards the risk of famine we are in a fairly safe position. Our Famine Fund is full and in case of need should enable us to tide over any but a major calamity. And our financial position in respect of balances is sufficiently strong to enable us to face without anxiety temporary losses of revenue to which famine invariably gives rise. Our total debt at the end of 1924-1925 was Rs. 1,266.46 lakhs, and at the end of the current year will be Rs. 1,549.15 lakhs. The increase in our debt since the Reforms is Rs. 564.03 lakhs, by no means an alarming increase when one takes into consideration the straits to which we were reduced in the first years of the Reforms, the very large programmes of capital works which we have from time to time undertaken and the fact that that sum includes Rs. 365.95 lakhs for the Cauvery-Mettur project. Nor do I think that the most captious critic could find much to cavil at in the main lines of this expenditure. We have greatly increased the subsidies to local bodies for various purposes. Our expenditure on public health and medical relief is on a very much larger scale, and though there is much leeway to make up we have made considerable progress in the provision of up-to-date and properly equipped hospitals both in Madras and in the mufassal. Our expenditure on education has immensely increased; we have now three universities instead of one, and every year has seen an improvement in the buildings, equipment and staff of our colleges and high schools. If the large expenditure on elementary education is to some extent of questionable value I can only hope that those who are now studying the problem, the difficulties of which I know, will be able to devise a policy by which it can be more fully justified. We have done much to develop and strengthen the Agricultural, Co-operative and Veterinary departments. We have done something to improve the organization of the Police department and to meet the problems arising out of the great development of motor traffic. And we have been able to do something to improve the efficiency of other departments which do not to the same extent catch the public eye.

25th February 1930]

[Sir Thomas Moir]

“ But, if I may make one criticism, temporary affluence and accumulated balances have got their disadvantages. There has been a tendency in many departments to make hay while the sun shines and to regard themselves as having no concern with financial considerations, to resent being reminded of them, and to spend money upon the ornamentation of their administrative facade before the foundations of the main buildings are completed. (Hear, hear.) After all a revenue of Rs. 18½ crores is rather less than £14 millions for a territory of 144,791 square miles and a population of 42 millions. A revenue on that scale can never hope to provide more than the barest essentials and admits of no frills or flowers. And if in the past the Finance Department has appeared niggardly or unsympathetic to purely decorative expenditure, it has at any rate during the last five years provided departments with more money than they could spend. The financial problems of the future are not going to be concerned with the development of our spending power or with the chances of the seasons or with timely windfalls. These problems are new and of our own making and their solution must depend on our own efforts. I have reasonable confidence that the people of this Presidency and their representatives in this Council will resolutely grapple with them, and I can only express the hope that so far as I have been responsible for the administration of our financial affairs I have neither unfairly embarrassed my successor nor wantonly increased the difficulties and anxieties of the future. (Hear, hear.)

Conclusion.

“ 12. It only remains for me once again to acknowledge the debt of gratitude I owe to all ranks of the Finance Department for its careful and efficient discharge of its responsibilities. Its popularity is probably in inverse ratio to its efficiency, but that is the misfortune of all watchdogs. And to the Financial Secretary I am especially grateful for the ceaseless care with which he has worked to maintain the high traditions of his department and the ungrudging manner in which he and it have met the heavy demands made upon them. I should also like to express my thanks to the Members of the Public Accounts and Finance Committees with whom I have had the honour to serve. The calls upon their time have been heavy, but I hope they have not grudged them, for they have been engaged in creating and handing down on behalf of the Legislative Council itself a tradition of financial vigilance and solicitude for which the unaided efforts of the Treasury would be an inadequate substitute. To you, Sir, and to the Members of the Legislative Council I would express

[Sir Thomas Moir]

[25th February 1930]

my deep consciousness of much personal kindness and consideration shown towards me in the discharge of my duties." (Loud applause).

II

PROGRAMME OF BUDGET DISCUSSION.

The hon. the PRESIDENT :—"The general discussion of the Budget will commence on the 27th February 1930. During that discussion, I propose to prescribe a time-limit of 15 minutes for the speech of a Leader and 10 minutes for the speech of any other Member. I would suggest that the reading of manuscript speeches should be exceptional. The afternoon of Friday, the 28th February 1930, will be at the disposal of the hon. Members of the Government to make their replies.

The Council will now adjourn and re-assemble on the 27th February at 11 a.m."

R. V. KRISHNA AYYAR,
Secretary to the Legislative Council.

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TRUTH ALONE TRIUMPHS